Rising Policy Risk Suggests Further Meaningful EU Integration Unlikely in 2017

The far-reaching nature and ubiquity of the political shifts under way in Europe means that the impact of the upcoming elections could be more significant from a credit perspective than is usually the case.

» Policy uncertainty in several EU economies may drive market volatility and weaken regional growth

» Fundamental flaws in the euro-area will persist due to a lack of meaningful further integration

» The near-term prospect of a member state deciding to leave the EU or euro currency bloc is rising, but remains low

» Europe’s election calendar is one of many factors that will complicate negotiations over the UK’s withdrawal from the EU

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**UNITED KINGDOM**

**2017 FORECAST**

- Government Debt to GDP: 90.3%
- Unemployment: 5.2%
- Real GDP growth: 1.0%

**ELECTION DATE**

General election, 8 June 2017

**MAIN RULING PARTY**

Conservatives

**KEY OPPOSITION PARTIES**

Labour
Liberal Democrats
Scottish National Party

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**FRANCE**

**2017 FORECAST**

- Government Debt to GDP: 98.2%*
- Unemployment: 9.8%
- Real GDP growth: 1.3%

**ELECTION DATE**

Presidential election, 7 May 2017 (second round)
Legislative Election – 11 June and 18 June 2017 (second round)

**MAIN RULING PARTY**

Parti Socialiste

**KEY OPPOSITION PARTIES**

Les Républicains
En Marche!
Front National

*Excludes SFEF

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**GERMANY**

**2017 FORECAST**

- Government Debt to GDP: 66.0%
- Unemployment: 4.7%
- Real GDP growth: 1.5%

**ELECTION DATE**

Federal election, 24 September 2017

**MAIN RULING PARTY**

Christlich Demokratische Union Deutschlands (CDU)
Sozialdemokratische Partei Deutschlands (SPD)

**KEY OPPOSITION PARTIES**

Alternative für Deutschland (AfD)
Die Linke
Die Grünen

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**ITALY**

**2017 FORECAST**

- Government Debt to GDP: 132.9%
- Unemployment: 11.2%
- Real GDP growth: 0.8%

**ELECTION DATE**

Federal Election, by 23 May 2018 (Potentially in 2017)

**MAIN RULING PARTY**

Partito Democratico

**KEY OPPOSITION PARTIES**

Movimento 5 Stelle
Forza Italia
Lega Nord

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